



Public Hearing Testimony of
Sharon M. Palmer, Commissioner
Department of Labor
Labor and Public Employees Committee
February 18, 2014

Good Afternoon Senator Osten, Representative Tercyak, Senator Markley and Representative Smith and members of the Labor and Public Employees Committee. Thank you for the opportunity to provide you with testimony regarding **House Bill No. 58, AAC an Increasing in Penalties due to False or Misleading Declarations, Statements or Representations**. My name is Sharon Palmer and I am the Labor Commissioner.

I am here to testify in support of this bill. The bill seeks to increase penalties assessed against employers who intentionally fail to declare payment of wages in payroll records. All states impose penalties for fraudulent employer activities that lead to improper benefit or contribution payments. The amount of those penalties varies widely among states, ranging to amounts as high as \$100,000. In states with strong fraud deterrents, it is believed that improper benefit and contribution payments are reduced and program integrity is enhanced.

Due to the insolvency of the unemployment insurance trust fund, many constituencies from both labor and business have called for increased penalties for fraudulent activities. Also, the United States Department of Labor has charged states with improving the integrity of their unemployment insurance programs, including implementing stronger deterrents to fraud. This bill will level the playing field because it will penalize those employers who are intentionally failing to report wages in its wage record.

Thank you for the opportunity to provide this testimony. I am available to answer any questions you might have.